

Management District Plan
FOR THE
Renewal
OF THE
WESTCHESTER TOWN CENTER
PROPERTY BUSINESS IMPROVEMENT
DISTRICT

*Prepared April 2011 pursuant to the State of California
Property and Business Improvement District Law of 1994
to Renew a
Management District in the Westchester Town Center area, a community within the
City of Los Angeles
by the
Westchester Business Improvement Association
and*

Duckworth Consulting, Its Consultants

“Westchester Town Center” Property Business Improvement District Management District Plan

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I. OVERVIEW OF THE WESTCHESTER TOWN CENTER PROPERTY BUSINESS IMPROVEMENT DISTRICT

Introduction: A growing coalition of property and business owners, and members of the community, are proposing renewal of the Westchester Town Center Property Business Improvement District (hereinafter “District”) pursuant to the Property and Business Improvement District Law of 1994 (Streets & Highways Code Section 36600 *et seq.*; hereinafter the “State Law”). This document is the Management District Plan required by Section 36622 of the State Law. It proposes improvements, activities, and services that revitalize and enhance the area and convey special benefits to properties located within the boundaries of the Westchester Town Center District.

Name: “Westchester Town Center Property Business Improvement District.”

Location: The proposed District is located in the Westchester community, a commercial district in the City of Los Angeles that is centered along Sepulveda Boulevard between Los Angeles International Airport and just north of Manchester Boulevard. From Manchester Boulevard, the east boundary runs generally along Sepulveda Eastway and La Tijera Boulevard to Sepulveda Boulevard. From Sepulveda Boulevard, the south boundary runs generally along the south parcel lines of parcels APN 4122-024-918 (the park on 92nd Street) and APN 4122-023-917 (vacant airport land) to Westchester Parkway. From Westchester Parkway, the west boundary runs generally along La Tijera Boulevard to Sepulveda Westway to Manchester Avenue. Refer to the boundary description and map in the “Boundaries / Maps” section of this document for a more complete description of the District’s boundaries.

History: The Westchester Town Center Business Improvement District was originally created in 2007 by Ordinance No. 178878 of the Los Angeles City Council. This renewal will extend the life of the District by ten years and will add ten parcels to the boundaries of the District.

Services: The proposed District will fund improvements, activities, and services authorized under the State Law. Specifically, the District will provide improvements, activities, and services in the following program areas: (i) ambassador services; (ii) landscape maintenance, sanitation and beautification; (iii) marketing and promotions; (iv) new business attraction; and, (v) policy development, district management, and administration.

The purpose of all improvements, activities, and services described in this Management District Plan is to specially and individually benefit property in the District. No improvements, activities, or services will be provided outside District boundaries.

See the “Service Plan / Budget” section of this document for a more specific description of the improvements, activities, and services planned for the District.

Method of Financing: The improvements, activities, and services will be funded through a benefit assessment against real property in the District. The assessment

formula has been designed to ensure that no parcel will be assessed an amount that exceeds the cost of the proportional special benefit that parcel derives from the improvements, activities, and services provided by the District. Generally, each parcel fronting on Sepulveda Boulevard will be assessed \$0.0605 per square foot of lot size, \$0.0895 per square foot of improvement size, and \$7.6400 per linear foot of street frontage; and, each parcel fronting on any other street will be assessed \$0.0303 per square foot of lot size, \$0.0447 per square foot of improvement size, and \$3.8200 per linear foot of street frontage. Because publicly-owned parcels, parcels used for long term airport parking, vacant fenced lots, and multifamily residential parcels benefit from the District's improvements, activities, and services in a demonstrably different manner than other parcels in the District, they are assessed at a different rate. The assessments against these parcels are described in Section IV of this Plan.

Assessments will be collected at the same time and in the same manner as ad valorem taxes paid to the County of Los Angeles.

District assessments may be adjusted annually to reflect inflation at a rate not to exceed three percent (3%). In conjunction with required annual proceedings, the Owner's Association will notify the City of Los Angeles of any proposed inflationary adjustment.

During the ten-year renewal term of the District, it is likely that the improvements on some parcels in the District will change. The assessment against each parcel for any year will be based on the improvements actually present on the parcel as of the beginning of that year. Pursuant to Government Code Section 53750(h)(3), a change in the assessment against a parcel that results solely from changes to the parcel does not constitute an assessment "increase" requiring the conduct of a new Proposition 218 ballot proceeding.

Please see the "Assessment Formula" section of this document for additional details.

Budget: The proposed District budget is included in the "Service Plan" section of this document.

Bonds: The District will not issue bonds.

City Services: The base line services of the City of Los Angeles are not affected by the District's improvements, activities and services, which are only supplemental in nature to those services. The Westchester Town Center is being established to provide enhanced or otherwise unavailable improvements, activities, and services to each individually assessed parcel within the boundaries of the District.

Duration: As required by State Law, the District will have a set term. The District's term will be January 1, 2012 through December 31, 2021. At the end of this period, the District may be renewed as permitted by law.

II. BUSINESS IMPROVEMENT DISTRICT BOUNDARIES

The Westchester Town Center Property Business Improvement District is centered along Sepulveda Boulevard. The boundaries of the District are shown on the map that follows this Section of this Plan. A list of the Los Angeles County Assessor's Parcel Numbers of each included parcel is provided in Appendix 1 of the document. Additional information regarding these boundaries, and a database of each included parcel, is provided in the Engineer's Report for the District, which is incorporated herein by reference, and included as Appendix 2 of this document. As a supplement to the referenced District map, the boundaries of the proposed District are described below.

Northern Boundary:

- The northern boundary of the District to the east of Sepulveda Boulevard begins at the intersection of the north boundary of the first parcel north of the intersection of Sepulveda Boulevard and Manchester Avenue, which is parcel 4107-035-017 that is developed as a medical office building, and extends east along that parcel boundary, then east along the north boundary of parcel 4107-035-018, then southeast along the boundary of that parcel, then south along the eastern boundaries of both of those parcels to Manchester Avenue, then east along the center line of Manchester Avenue to the centerline of La Tijera Boulevard. It includes the medical office building on the north side of Manchester Avenue and the commercially zoned parcels fronting on the South side of Manchester Avenue. It also includes a small residentially zoned parcel 4107-035-018 that is presumed by State Law to not specially benefit from District improvements, activities, and services, yet is included within the District and not assessed because it is a part of the medical building development and not practically divisible from it. This boundary was selected to include the commercially zoned properties located within the Sepulveda Boulevard commercial corridor that function as a pedestrian oriented shopping district, and to exclude all residential parcels to the north. ~~Parcel 4107-035-017, which is included in the District, is a multi-story medical office building. A small residentially zoned parcel 4107-035-018 is included within the District and not assessed.~~ NOTE TO MARK MANDELL – THEY WANT A STRONGER JUSTIFICATION FOR THE EXCLUSION OF THE FOLLOWING SERVICE STATION PARCELS ADDED HERE. A service station is located on 2 parcels ~~on~~ at the northwest corner of Manchester Avenue and La Tijera Boulevard (i.e. outside the District) but is not a part of the pedestrian oriented shopping district and is best understood as an arterial, auto-related oriented use. An R2 zoned church use is located on the northeast corner of Manchester Avenue and La Tijera Boulevard that is not a part of the pedestrian oriented shopping district; is presumed by State Law to not specially benefit from District improvements, activities, and services; and, is best understood as a part of the surrounding residential community. All other parcels located north of the District boundary (i.e. outside of the District) are developed with single-family residences, and zoned solely residential, which are presumed by State Law to will not specially benefit from District improvements, activities and services and are

therefore excluded from the District. All assessed parcels located within the District will individually specially and individually benefit from its improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.

- The northern boundary of the District to the west of Sepulveda Boulevard begins at the intersection of the north boundary of the second parcel north of the intersection of Sepulveda Boulevard and Manchester Avenue, which is parcel 4108-019-029 that is developed as an integrated service station / restaurant use, and extends west along that parcel boundary then south along the west boundary of that parcel to the center line of Manchester Avenue, then east along the center line of Manchester Avenue to centerline of The Northern boundary of the District to the West of Sepulveda Boulevard beginning at the NWC of Sepulveda Boulevard and Manchester Avenue extends east along Manchester Avenue to the SEC of Sepulveda Westway. It includes the commercially zoned restaurant and auto service use parcels 4108-019-028 and -029 and the commercially zoned parcels fronting on the south side of Manchester Avenue. This boundary was selected to include the commercially zoned properties located within the Sepulveda Boulevard commercial corridor that function as a pedestrian oriented shopping district, and to exclude all residential parcels to the north and west. Parcels to the north and west of the District boundary (i.e. outside the District) are zoned solely residential and presumed by State Law to not specially benefit from District improvements, activities, and programs, or are developed as multi-family residential or parkway landscaping uses. These parcels are best understood as being part of a separate residential neighborhood to the or of the District. They will not specially benefit from District improvements, activities, or services and are therefore not included in the District. All assessed parcels located within the District will individually specially and individually benefit from its improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.

Eastern Boundary:

- The eastern boundary of the District continues at the intersection of the centerlines of Manchester Avenue and La Tijera Boulevard, ~~and~~ extends southwest along the centerline of La Tijera Boulevard to its intersection with the northeast boundary of parcel 4123-006-025, an R-4 zoned church / charter school, continues along that parcel boundary, then generally south along the east boundary of that same parcel, then along the east boundary of parcel 4123-006-012, an R-4 zoned apartment building, then along the east boundary of parcel 4123-006-026, an R-4 zoned recreational / fraternal club, then to the centerline of Westchester Parkway, then east along that centerline to its intersection with the east boundary of parcel 4124-002-916, a long-term airport parking lot not accessible from the District, then along the south boundary of that same parcel, then west along the south boundary of that same parcel to the centerline of Sepulveda Eastway, then west along that centerline to its intersection with the

centerline of Sepulveda Boulevard. Parcels located east of the intersection of the centerlines of Manchester Avenue and La Tijera Boulevard (i.e. outside the District) are commercially zoned but not a part of the pedestrian oriented district and are best understood as arterial oriented uses. NOTE TO MARK MANDELL – THEY WANT A STRONGER JUSTIFICATION FOR THE EXCLUSION OF THE AFOREMENTIONED COMMERCIAL ZONED PARCELS ADDED HERE. I’LL PROVIDE A MAP IF YOU WANT. IMPORTANT. “BURNS OFFICES.” It includes all four corners of this intersection including: the commercially zoned parcels to the northeast, northwest, and west of La Tijera Boulevard; and The District includes the R-4 zoned parcels described above (4123-006-025, -012, and -026); the LAM2 zoned office building parcel 4124-002-001 located at the southeast corner of Sepulveda Eastway and Westchester Parkway; and the airport parking parcel described above (4124-002-916) because these parcels benefit from the ambassador, homeless services coordination, maintenance, beautification, marketing and promotions, new business attraction, and policy development and management services provided by the District. This boundary was selected to include the commercially zoned parcels that function as a pedestrian oriented shopping district to the west, and to exclude residential parcels to the east and south. The parcels located east of the intersection of Manchester Avenue and La Tijera Boulevard (i.e. outside the District) are commercially zoned but not a part of the pedestrian oriented district and are best understood as arterial oriented uses. The parcels located east and southeast of the District boundary intersection at Manchester Avenue and La Tijera Boulevard are single-family residentially zoned homes, zoned solely residential, presumed by State Law to not specially benefit from District improvements, activities, and programs, and therefore excluded from the District which will receive no special benefit from District operations; or, are non-contiguous airport use parcels that do not benefit from District improvements, activities, and programs, and are therefore not included within the District. All assessed parcels located within the District will individually specially and individually benefit from its improvements, activities, and services of the District. No improvements, activities, or services will be provided outside of the District’s boundaries. NOTE TO MARK MANDELL – WE WERE ASKED TO STRENGTHEN OUR RATIONALE HERE. IF WE GET A CHALLENGE TO THE RENEWAL IT WILL BE HERE. -025 IS A CHURCH / SCHOOL; -012 IS THE APARTMENTS; -026 IS A RECREATIONAL GERMANIC DANCE GROUP; -001 IS AN OFFICE; 916 IS FENCED AIRPORT PARKING. HOW BEST TO DO THIS. NEED YOUR LEAD.

Southern Boundary:

- The southern boundary of the District continues from the intersection of the centerlines of Sepulveda Eastway and Sepulveda Boulevard and extends west along the south and boundaries of parcels 4122-024-918 (a developed park site

fronting 92nd Street that attracts visitors to the District and is therefore included within the it) and 4122-023-917 (vacant airport land that has frontage along Sepulveda Westway and is therefore included in the District for services to that frontage), to the centerline of Westchester Parkway at its intersection with Lincoln Boulevard.~~Sepulveda Westway at its intersection with 92nd Street.~~ This boundary was selected to include the commercially zoned parcels to the north that function as a pedestrian oriented shopping district. All assessed parcels located within the District will individually specially and individually benefit from its improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.

Western Boundary:

- The western boundary of the District continues along the centerline of Westchester Parkway from ~~its the~~ intersection with Lincoln Boulevard to the centerline of La Tijera~~of Sepulveda Westway and 92nd Street and extends along Sepulveda Westway to Westchester Parkway then along Westchester Parkway to La Tijera Boulevard~~, then northeast along centerline of La Tijera Boulevard to the centerline of Sepulveda Westway, including parcel 4122-022-928 (that has frontage along Sepulveda Westway and is therefore included in the District for services to that frontage), then north along the centerline of Sepulveda Westway to the centerline of ~~of Sepulveda Westway and~~ Manchester Avenue at which point it intersects the northern boundary of the District. ~~This e~~rn boundary ~~of the District along Sepulveda Westway, Westchester Parkway, and La Tijera Boulevard~~ was selected to include all commercially zoned parcels to the east~~properties~~ that function as a pedestrian oriented shopping district, and to include the fenced airport-related parcels 4122-022-928 and 4122-023-917 -located further west that share common street frontage with existing District streets. ~~These~~is airport-related parcels isare master planned for development as a mixed use commercial business park and isare contiguous with the Westchester Town Center pedestrian oriented commercial area. Parcels beyond the boundary are airport-related parcels but are not presently contiguous~~connected to~~with the Westchester Town Center pedestrian oriented commercial area and therefore have not been included within the District boundary. The western boundary of the District along the centerline of Sepulveda Westway north of 88th Street was selected to include all commercially zoned properties located within the pedestrian oriented shopping district~~one (1) block of the Sepulveda Boulevard commercial corridor~~, and exclude all residential properties in zoned solely residential by the City of Los Angeles ~~use~~that are presumed by State Law to not benefit from District improvements, activities, and programs and therefore excluded from it. ~~Parcels to the west of the District boundary are zoned solely for residential use and developed with single-family residences~~ (APN 4122-002-002 through -003, -008, -014, -017 through -018, -020 through -022, -024 through -027; and APN 4122-003-015 through -016). All assessed parcels located within the District will individuallyspecially and individually benefit from the improvements, activities,

and services of the District. No improvements, activities, or services will be provided outside of the District's boundaries.

Future District Annexation Area

The District may, during the life of this renewal, request that the City conduct proceedings to annex to the District certain landscaped parcels located along Sepulveda Boulevard to the north of the District's boundaries. Such annexation will require a separate assessment ballot proceeding.

***Insert Map of District Boundaries
(Showing New Parcel Additions w/ Cross-Hatched
Overlay)***

III. PROPOSED DISTRICT SERVICE PLAN / BUDGET 2012 - 2021

The District will provide the following improvements, activities, and services as consistent with the provisions of the State Law: (i) ambassador services; (ii) landscape maintenance, sanitation, and beautification; (iii) marketing and promotions; (iv) new business attraction; and, (v) policy development, district management, and administration. These services are described in greater detail below.

The District will operate on a fiscal year that begins on January 1 and ends on December 31 of each calendar year. In years in which annual District assessments do not fully fund all of its costs, funds from its contingency and cash flow reserves may be budgeted to close the gap. The contingency and cash flow reserve is a fund maintained to accommodate the timing lag between the time that the District incurs costs and the time that it receives funds. Also, the District may carry forward uncompleted projects or unexpended assessment revenues from prior fiscal years in order to most effectively and efficiently manage its operations. Carryover funds may also be re-budgeted for subsequent fiscal years for any District improvements, activities, and services described in this Plan. Accumulated interest or delinquent assessment payments may be expended for any of the improvements, activities, and services described in this Plan.

The Owners' Association will have the responsibility to enter contracts with service providers and consultants, hire staff, and manage the day-to-day affairs of the District. The Owner's Association will have the ability to make adjustments to the budget categories as dictated by the needs of the District and in accordance with the terms and conditions of the contract with the City of Los Angeles

Funds that have accrued through December 31, 2011 to the Westchester Town Center Business Improvement District will be used only to pay for one-time special expenses, capital improvements, or infrastructure repairs solely within the boundaries on the 2007–2011 District and not within the territory added to the District by this renewal.

Special Projects Account. During the term of this renewal, special projects may be undertaken by the District in order to achieve the purposes of this Plan if deemed feasible by the District's Owner's Association and permitted by State Law. Such projects could include, but are not limited to, public alley repaving, drainage improvements, parking lot maintenance services, and parking management or enforcement services.

District Dissolution. In the event that the Westchester Town Center District ends either because it is not renewed in 2021 or as a result of the disestablishment process, then funds will be set aside from the District in its final year of operation to remove landscaping, equipment, street furniture, trash receptacles, and other District improvements and property for which a future caretaker would not exist. The purpose of this provision is to avoid the creation of future damage and maintenance liabilities in the public right of way. All remaining funds shall be returned to the existing parcel owners as provided in State Law and the City's contract with the Owner's Association.

All of the improvements, activities, and services described below are provided only within the boundaries of the District and provide a special benefit to each individual property located within the proposed District. No improvements, activities, or services will be provided outside District boundaries. "Special benefit" is defined in the Finding 2 of the attached Engineer's Report. Consequently, any potential general benefits are intangible and not quantifiable.

The following are the key expenditure categories or program areas of the District service plan / budget:

A. AMBASSADOR SERVICES

The purpose of the Ambassador Services Program is to provide a readily identifiable uniformed presence to assessed parcels that will observe and respond to situations in the vicinity of those parcels and their parking facilities. Ambassadors will enhance the appearance of safety and the comfort level of customers, employees, visitors, owners and tenants as they travel to and from assessed parcels.

Ambassadors may operate via vehicle, bicycle, or foot patrols as deemed appropriate by the Owner's Association. These personnel provide directions or assistance; serve as a liaison to the City's police, City Attorney, and other services; coordinate the provision of homeless services, warn and advise trespassers and panhandlers; and, respond to visitor inquiries. A business district that is comfortable for its customers and pedestrians will realize enhanced economic vitality, business growth, and tenant retention. The ambassadors will be deployed at such times and in such a manner as the District deems most effective and efficient to achieving its purpose. This practice will allow for cost savings when service needs are not present. For the purpose of establishing a budget estimate, one eight-hour shift per day of a single unarmed contract ambassador has been projected.

The Westchester Town Center may also contract for the provision of services or the coordination of services for the homeless in order to achieve the Ambassador Program purposes. In the past, the District has contracted with a greater Los Angeles area non-profit organization, People Assisting the Homeless (PATH), to achieve this goal. For the purpose of establishing a budget estimate, the District's historical experience in providing such services has been projected.

Ambassador Program services will individually specially benefit each assessed parcel in the District because services will be provided immediately adjacent to each such parcel and in the parking areas serving each such parcel. No improvements, activities, or services will be provided outside of the District's boundaries.

B. LANDSCAPE MAINTENANCE, SANITATION, and BEAUTIFICATION

The purpose of the Landscape Maintenance, Sanitation, and Beautification Services Program is to maintain the sidewalks and landscaped public areas adjacent to each assessed parcel at a level of sanitation and attractiveness higher than would exist with only baseline City services.

A high quality standard of operation, maintenance, cleanliness, and beauty will be established throughout the entire District. A clean, well maintained and attractive business district enhances the quality of the shopping and business experience in the District and contributes to an improved business climate. Maintenance services may be provided by either staff working for the District or by contractor (s) to the District, or a combination of both. These activities may include, but are not necessarily limited to, the following: sidewalk sweeping; public alley sweeping; sidewalk pressure washing; graffiti removal; sticker removal; street litter pick-up; planting of new or replacement trees; and, irrigation, operation, and maintenance of landscaping, trees, public art, signage, lighting, and other improvements that may be installed by the District, the City, or other entities. For the purpose of establishing budget estimates, the District's historical experience in providing such services has been projected.

Monies may be set aside each year to pay for special capital improvements (e.g. palm tree lights, street furniture, etc.), streetscape repair, holiday decorations, Flight Path Plaques, or other similar improvements. These improvements will specially and individually benefit only the assessment paying parcels in the District by improving the area in a manner that attracts business and customers. These are improvements, activities, or services not otherwise provided by the City of Los Angeles.

The District Owner's Association will endeavor to obtain available public or private funding to leverage (or magnify) its assessment revenues for the installation of streetscape, landscape, sanitation, beautification, or other improvements, activities, or programs throughout the District. The District may provide funding for urban design, planning, economics, grant preparation, or other support services, or grant matching funds to accomplish such ends.

Landscape Maintenance, Sanitation, and Beautification Program services will specially and individually benefit each assessed parcel in the District because services will be provided immediately adjacent to each such parcel and in the parking areas serving each such parcel.. No improvements, activities, or services will be provided outside of the District's boundaries.

C. MARKETING AND PROMOTIONS

The purpose of the Marketing and Promotions Program is to promote the business

activities and opportunities occurring on assessed parcels in the District.

Marketing, promotions, and public relations initiatives will disseminate information and awareness about Westchester Town Center's identity, brand, and business opportunities to convey a positive image to consumers, visitors, and investors. Such initiatives may include, but are not limited to, the following: street banners; holiday decorations; a website; a newsletter; special printing, graphics or advertising; public relations activities; special events or activities; placement of promotional materials in various media; creation and operation of "shop local" incentive programs; etc. The District may use any available effective media for these initiatives.

Marketing and Promotions Program services will specially and individually benefit each assessed parcel in the District because they will promote the business activities and opportunities occurring on these parcels. The District will not market or promote activities and opportunities outside of the District's boundaries.

D. NEW BUSINESS ATTRACTION

The purpose of the New Business Attraction Program is to attract businesses to assessed parcels in the District.

New business attraction efforts will provide growth in the number of businesses, increase the size of existing business, and new opportunities for Westchester Town Center property and business owners. These efforts may focus of specific new businesses, general future expansion that significantly affects the District, and may be undertaken by District employees or contractors. In the past the District has sponsored an Urban Land Institute Technical Advisory Panel, the preparation of economic analysis, and outreach to LAX to achieve these ends.

New Business Attraction Program services will specially and individually benefit each assessed parcel in the District by attracting tenants to such parcels and helping to maintain a high occupancy rate in the District.. No services will be provided outside of the District's boundaries.

E. POLICY DEVELOPMENT, DISTRICT MANAGEMENT, and ADMINISTRATION

The purpose of the Policy Development, District Management, and Administration Program is to create a well managed District that optimizes the use of the assessment funds through effective vendor selection and contract management, excellent communications with stakeholders, effective advocacy on behalf of parcel owner interests, effective board and committee coordination, and sound fiscal management.

This budget category collects District costs for implementing the other identified direct services provided to District property and business owners. In addition to managing and administering all affairs of the Owner's Association and complying with all contractual obligations to the City for District operations, this program serves as a "voice" of the parcel owner community to the media and governmental policy makers. Development of policies that seek to promote Westchester Town Center business, and effective and efficient District management / administration are the products of these services. Such efforts may produce changes that enhance business at a number of levels: within the business improvement district organization; within other community based organizations; at City Hall and its various departments; or at other levels of government.

The District will seek grant funding and non-assessment financial support through these services. It will also seek "co-partnerships" with governmental, non-profit, and private sector organizations through these services

The District will be managed / administered by a professional manager who may utilize administrative and technical support as needed that would be provided by this budget item. Positions that may be utilized by the District, include, but are not limited to, the following: an executive director, clerical assistance, field maintenance assistance, and an ambassador. These positions may be either District employees or contract service providers as determined to be the best interests of the District by the Owner's Association.

Policy Development, District Management, and Administration services will specially and individually benefit each assessment-paying parcel located within the District. No improvements, activities, or services will be provided outside of the District's boundaries..

F. OFFICE, INSURANCE, ACCOUNTING, and OTHER

The purpose of the Office, Insurance, Accounting, and Other budget item is to fund the various administrative costs associated with providing the District's services to assessed parcels.

Various District office supply, material, insurance, accounting, bookkeeping, service, rental, telephone, meeting expense, database, computer, furnishing, equipment, and other necessary expenses are included in this budget category.

Office, Insurance, Accounting, and Other expenses are incurred only when associated with the provision of improvements, activities, and services that specially and individually benefit each assessed parcel in the District. No improvements, activities, or services will be provided outside of the District's boundaries.

G. UNCOLLECTED ASSESSMENT RESERVE

The purpose of the Uncollected Assessment Reserve is to provide an accounting cushion for the revenue shortfall that might be created in any particular year for assessments that are not paid timely through the County of Los Angeles. This is a temporary reserve that has been established to offset such temporary revenue shortfalls. Use of these funds is incurred only when associated with the provision of improvements, activities, and services that specially and individually benefit each assessed parcel in the District. No improvements, activities, or services will be provided outside of the District's boundaries.

INSERT BUDGET SERVICE PLAN
(Page 1)

IV. PROPOSED MANAGEMENT DISTRICT ASSESSMENT FORMULA

Revenues to fund District Service Plan costs will be generated by an annual special assessment against each parcel in the District. The amount of the special assessment against each parcel reflects the relative special benefit that parcel will derive from District services.

The annual rate of the assessment will be \$0.0605 per square foot of lot size for parcels fronting on Sepulveda Boulevard and \$0.0303 per square foot of lot size for parcels fronting on other streets; \$0.0895 per square foot of improvement for parcels fronting on Sepulveda Boulevard and \$0.0447 per square foot of improvement for parcels fronting on other streets; \$7.6400 per linear foot of street frontage on Sepulveda Boulevard, \$3.8200 per linear foot of street frontage on other streets. Assessment rates will be adjusted annually according to the change in the Consumer Price Index for Los Angeles-Orange-Riverside for All Urban Consumers, but this adjustment will not exceed three per cent (3%) per fiscal year.

These assessment rates were designed so that one-third (33.33%) of the total assessment will be based on lot size, one-third (33.33%) will be based on improvement size, and one-third (33.33%) based on street frontage. These three factors, taken together, better reflect the benefits derived by different types of land uses and parcels than would any single factor. The differential rates for lot size, improvement size, and frontage on different streets reflects the fact that Sepulveda Boulevard is the pedestrian hub of the area, so a parcel with frontage on this street derives a higher level of benefit than does a parcel with similar frontage on another street in the District. Simply put, Sepulveda Boulevard is more heavily trafficked by pedestrians and other traffic than other streets in the District, can be expected to require more attention from ambassadors, sanitation, and maintenance staff in order to maintain consistent conditions throughout the District. Furthermore, a higher density of improvements and amenities can be expected to be installed and maintained along Sepulveda. While all properties throughout the District (except as specified later in this Section) can be expected to benefit from all activities throughout the District, clearly parcels that front directly on the locus of District activities will derive greater benefit due by virtue of proximity. Furthermore, as a general matter, parcels located along Sepulveda are generally tenanted by businesses that depend on visibility (and signage facing Sepulveda) to attract customers. Such businesses, as compared smaller, less prominent businesses that attract customers largely by word of mouth, benefit more intensely from being located in a clean, safe, attractive, well-managed neighborhood that is inviting to new customers. Please see the Engineer's Report for additional detail.

Assessment rates will be adjusted annually to reflect changes in the Consumer Price Index for Los Angeles-Orange-Riverside for All Urban Consumers, but this adjustment will not exceed three per cent (3%) per fiscal year.

Fenced vacant lots will be assessed only on the basis of street frontage. For purposes of this paragraph, a “fenced vacant lot” is a parcel meeting all of the following criteria: (i) the parcel has no permanent improvement square footage and (ii) the parcel is fenced from public access from within the District. This recognizes that fenced vacant lots, which typically are entirely unused or used solely for storage or parking purposes are: (i) uniquely low density uses; (ii) that do not benefit from the ability of the commercial area to attract customers or from marketing & promotion and new business attraction services; but, (iii) do benefit from the direct delivery of maintenance and sanitation services along their perimeter.

Parcels accessible from within the District and used exclusively for long term airport parking will be assessed only on the basis of parcel square footage and street frontage. This recognizes: (i) that long term airport parking is a uniquely low density use (i.e. very few customers are on-site at any one-time despite the very large size of the parking structure improvement); and, (ii) that long-term airport parking (unlike other parking facilities accessible from within the District) is a not ancillary to land uses in the District (i.e. customers of a long-term airport parking business are typically shuttled directly between their cars and airport locations outside of the District).

Multifamily Residential parcels (i.e. parcels actually developed with multifamily dwellings) will be assigned benefits on the same basis as other parcels with respect to street frontage and parcel square footage, but at one-half the normal amount for improvement square footage. This recognizes that while apartment buildings are a commercial venture designed to attract tenants, apartment improvements are less intensively used than other improvements and are not used by residential tenants to serve customers.

A list of the parcels to be included in the District is provided in Appendix 1 of this document. The Engineer’s Report provides a full database including the proposed 2011 assessments for each parcel included within the District.

For a more complete description of the methodology used to determine these rates, please refer to the Engineer’s Report for the District, which is incorporated herein by reference, and included in Appendix 2 of this document.

During the ten-year renewal effective term of the District, it is likely that some of the improvements on some parcels within the District will change, will be developed with additional commercial improvements, or will see the demolition of existing improvements. The assessment against each parcel for any year will be based on the improvements actually present on the parcel at of the beginning of that year. The assessment against such parcels shall be recalculated beginning with the assessment for the first year following the construction or demolition of improvements. The new assessment against such a parcel shall be calculated pursuant to the formula set forth in the Engineer’s Report (see Step 5 on Page ER-13). Pursuant to Government Code Section 53750(h)(3), a change in the assessment against a parcel that results solely

from changes to the parcel does not constitute an assessment “increase” requiring the conduct of a new Proposition 218 ballot proceeding. Such a proceeding will be required if the assessment formula itself is changed.

V. CONTINUATION OF CITY SERVICES / CITYWIDE BASE LEVELS of SERVICE

The base line services of the City of Los Angeles are not affected by the District’s improvements, activities and services, which are only supplemental in nature to those services. The Westchester Town Center is being renewed to provide enhanced or otherwise unavailable improvements, activities, and services for each individual assessed parcel located within the boundaries of the District.

VI. PUBLICLY OWNED PARCELS

The State Law requires that all publicly owned parcels within the District be assessed as any other similarly situated private parcel unless the affected public agency demonstrates by clear and convincing evidence that those publicly owned parcels, in fact, receive no special benefit. The publicly owned parcels and their respective annualized assessment amounts for 2012 are shown below:

CITY of LOS ANGELES PARCELS (LOS ANGELES WORLD AIRPORTS)

	APN #	Address	Owner	Total PBID Assessment	%
1	4122-022-928	N/A per Assessor Data	LA City	\$3,331.03	1.12%
2	4122-023-917	N/A per Assessor Data	LA City		xxx
3	4122-024-918	N/A per Assessor Data	LA City	\$4,728.86	1.57%
4	4124-002-916	N/A per Assessor Data	LA City	\$1,887.07	0.63%
		City of Los Angeles (3.31% of total assessments)	Sub Total	\$9,946.96	

Each of the publicly owned parcels is a “fenced vacant lot parcel”. Like all fenced vacant lot parcels, these parcels are assessed solely on the basis of frontage. This assessment reflects, among other things, that “fenced vacant lot parcels” do not benefit from marketing & promotion or new business attraction services.

See the Engineer’s Report for additional information about the publically owned parcels.

VII. PROPOSED IMPLEMENTATION TIMETABLE

The following timetable is proposed for the Westchester Town Center business improvement district renewal:

<u>DATE</u>	<u>ACTIVITY</u>
November 2010	1 st draft Management District Plan / Engineer's Report.
November 2010	Approval of all assessment data by City Clerk's Office.
December 2010	1 st draft Management District Plan / Engineer's Report to CityClerk's Office.
February 2011	Management District Plan / Engineer's Report revisions with City Clerk's Office
May 2011	Petitions circulated to all property owners.
May 2011	Petitions submitted to City Clerk's Office & City Council.
June 2011	City Council adoption of Ordinance of Intention to Form BID.
June 2011	Proposition 218 ballot election.
July 2011	Final City Council hearing and ballot counting.
July 2011	First reading of Ordinance Establishing PBID.
July 2011	Approval of new City Contract for BID administration. City Clerk initiates PBID assessment collection process for initial year.
December 2011	Original BID ceases operations.
January 2012	Renewed BID begins program of operations.

As provided by State Law, the new Westchester Town Center business improvement district will have a set term. The District's term will be January 1, 2012 through December 31, 2021. At the end of that period, the District may be renewed as permitted by State Law. If the District is not renewed or is otherwise terminated for any reason, all

unexpended assessment funds will be returned to property owners as required by State Law following the removal of all District improvements and property from the public right of way as described Service Plan Budget section of this Management District Plan.

VIII. DISTRICT GOVERNANCE

State Law establishes a framework for District governance with City Council oversight and local, private sector management as described below:

A. Owner's Association

The City will enter into a contract with a private, non-profit entity designated as an "owner's association" to administer and implement services, improvements, and programs described in the Management District Plan. The owner's association may be an existing or newly formed nonprofit entity. The owner's association will be a private entity, governed by a Board of Directors and created pursuant to its adopted Bylaws. Notwithstanding this, the owner's association will observe the requirements of the Ralph M. Brown Act that establishes standards for public meetings and the California Public Records Act that establishes standards for maintaining public records concerning District operations. Among its other responsibilities, the Owner's Association will prepare an annual report with respect to District operations as required by Section 36650 of the State Law.

B. Professional Staff

The Board of Directors of the owner's association will employ an Executive Director whose duty it is to implement all of the services, improvements, and programs; and, to supervise all subordinate District staff on a day-to-day basis. The Executive Director is responsible to the Board of Directors through their policy direction and budgets.

C. Staff Neutrality

The professional staff is charged by the Board of Directors with a mission of performing administrative functions in the most efficient and effective manner possible. At times, District assessment payers may have conflicting needs or desires that may be dependent upon a staff choice or decision. In such circumstances, if the Board of Directors has not clearly provided direction, staff should refer such choices to the Board of Directors for decision.

Appendix 1:

District Parcel List & 2012 Assessments

Appendix 2:
Proposition 218 Engineer's Report